

UNITED STATES DISTRICT COURT
EASTERN DISTRICT OF NEW YORK

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-----X **Docket#**
WELLS FARGO BANK, NATIONAL : 18-cv-05498-WFK-RLM
ASSOCIATION, AS TRUSTEE, ON :
BEHALF OF THE REGISTERED :
HOLDERS OF CSAIL 2017-CX9 :
COMMERCIAL MORTGAGE TRUST, :
COMMERCIAL MORTGAGE :
PASS-THROUGH CERTIFICATES, :
SERIES 2017-CX9, et al. :
Plaintiffs, :
- versus - : U.S. Courthouse
: Brooklyn, New York
: ACROPOLIS GARDENS REALTY :
CORP., et al, :
Defendants : July 11, 2019
: 10:39 AM
-----X

TRANSCRIPT OF CIVIL CAUSE FOR PROCEEDINGS
BEFORE THE HONORABLE ROANNE L. MANN
UNITED STATES MAGISTRATE JUDGE

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1 THE CLERK: Civil Cause for a Status
2 Conference, Wells Fargo, National Association, v.
3 Acropolis Gardens Realty Corp, docket number 18-cv-5498.

4 Will the parties please state their appearances
5 for the record.

6 MR. NAGI: Jason Nagi from Polsinelli, P.C., on
7 behalf of the plaintiffs.

8 THE COURT: Good morning.

9 MS. HATCH: Good morning.

10 Amy Hatch here on behalf of the plaintiffs, as
11 well.

12 MR. NOGEE: Good morning, your Honor.

13 Jeffrey Noguee on behalf of the receiver, and to
14 my right is the receiver, David Sorise.

15 THE COURT: Welcome.

16 MR. MEISTER: Good morning, your Honor.

17 Stephen Meister, Meister Seelig, for Acropolis
18 Associates, the defendant.

19 MS. CHANG: Good morning, your Honor.

20 P.C. Chang for Acropolis Associates, as well.

21 MR. STONE: Good morning.

22 Ralph Stone, with Meister, Seelig and Fein.

23 MR. BARRY: Good morning, your Honor.

24 Kevin Barry for Acropolis Gardens Realty Corp.

25 MR. KAUFMAN: Good morning, your Honor.

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1 Benjamin Kaufman, Wolf Haldenstein for
2 Acropolis Associates, and to my right is Mr. Michael
3 Leifer, who is a principal of Acropolis Associates.

4 THE COURT: All right. Welcome to all of you.
5 Please be seated, and I encourage you to remain seated
6 during this proceeding, so you'll be closer to the
7 microphones.

8 Until last night, when I saw Mr. Meister's
9 letter of yesterday, I assumed that the purpose of this
10 hearing was simply to get the parties on track to and get
11 this matter resolved once and for all.

12 Then I read Mr. Meister's letter in which he
13 talked about a huge disparity between the parties'
14 calculations. He did indicate that the parties agreed to
15 a 20 percent discount to be applied to the default
16 interest rate but he then concluded by saying we hoped to
17 resolve these issues at the conference.

18 It is not my purpose this morning to reopen the
19 negotiations, the protracted negotiations that have taken
20 place before the mediator. The mediator, I know, has
21 worked long and hard with you. He has a background on
22 what's transpired to date, I don't, nor is it appropriate
23 for me to get involved in that since the case is in
24 court-annexed mediation.

25 So I simply want to make sure that there is a

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1 schedule in place and that all parties will comply with
2 that schedule. So we're not here to renegotiate the
3 terms that the parties agreed to on the term sheet.

4 Is that clear?

5 IN UNISON: Yes, your Honor.

6 THE COURT: All right. So where do things
7 stand now in terms of the plaintiffs' evaluation of all
8 the papers? Can we set a date for closing?

9 MS. HATCH: Well, your Honor, we have been
10 drafting numerous documents. I believe earlier this
11 week, we have delivered some but not all -- thank you --
12 some but not all of the necessary documentation.

13 I can provide you kind of a list, if you want,
14 as to what we have provided and what's still needed.

15 THE COURT: No, why don't you tell me when you
16 propose delivering the full package or completing the
17 package?

18 MS. HATCH: I would hope to have that done
19 within the next week, but obviously it's still subject to
20 my client's review, and receiving --

21 THE COURT: Why isn't your client reviewing the
22 documents before they're delivered to opposing counsel?

23 MS. HATCH: We've been trying to expedite
24 matters to be able to get them to opposing counsel.
25 Obviously, when the deal -- when we have documents that

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1 are final, my client needs to get final committee
2 approval for everything, and when the documents are
3 finalized, so we're trying to make sure we have documents
4 in a final form so that then we can receive final
5 approval for -- especially when it comes to the
6 subordinated loan, it's important that we understand all
7 of the terms.

8 We have -- they provided us subordinated loan
9 documents, a week or so ago, and we are in the process of
10 providing comments back to those any day now but we need
11 those documents to be finalized before we can get
12 approval for what that loan will be.

13 THE COURT: Well in your letter of July 9, you
14 complain that you were supposed to get the documents from
15 the borrower two weeks before the closing date on June
16 28th, and that you didn't. You got some documents a day
17 before, and other documents a few days before, and that's
18 a valid complaint.

19 So now you're talking about you need another
20 week, and it's already July 11th, and then after that,
21 your client needs to review the documents. So yes, the
22 borrower was slow in getting documents to you but it
23 sounds like you and your client are not proceeding
24 expeditiously in order to get this case closed. And it's
25 not sufficient for you to say you hope to have these

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1 documents by the end of next week. That is how many
2 weeks past the June 28th date? We're talking about three
3 weeks beyond the closing date.

4 MS. HATCH: Understood, your Honor.

5 MR. NAGI: Judge, I wasn't at the mediation but
6 when I spoke with Ms. Hatch, I had a conflict, and I
7 didn't want to slow it down. We are trying to have this
8 thing move along fairly quickly.

9 My understanding was that the 28th date, Mr.
10 Herman, the mediator said we understand that it's
11 probably not going to happen then, and that's not
12 necessarily realistic, so what's --

13 THE COURT: Yes, and particularly given the
14 delays in the submissions from the borrowers, it was not
15 realistic but if you were -- if the understanding was you
16 would get the documents two weeks before, then let's not
17 start talking about maybe getting this done by the end of
18 July. That is not sufficient.

19 MS. HATCH: Understood, your Honor, and we will
20 -- we are -- we want this deal to close. I want to make
21 that very clear but there are a number of items that do
22 need to be addressed, and it's not just the
23 documentation. There's other items that needed to happen
24 before closing that we're still working through.

25 So the documentation is one part of that, and I

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1 can work on my end to ensure that drafts are circulated,
2 but obviously we -- I anticipate there being comments
3 back, and some negotiation needed.

4 I mean maybe that won't be the case but I will
5 work expeditiously on my end to make sure that drafts are
6 circulated. I know we already did circulate drafts
7 earlier this week of several of the documents, and we
8 obviously need to receive comments back on those.

9 THE COURT: And what about -- you say there are
10 things that -- other things that need to be done. Are
11 you talking about the removal of liens and judgments?

12 MS. HATCH: Yes.

13 THE COURT: And does someone want to give me a
14 status update on that?

15 MS. HATCH: I don't have an update on that,
16 other than that's one of the things, your Honor. And
17 then the other second part of this is there has to be an
18 agreement as to respect to repairs that need to be done
19 at the property, and the timing with respect to those
20 repairs.

21 THE COURT: Have these matters been discussed
22 with the mediator?

23 MS. HATCH: I have talked with Mr. -- with Ira
24 about the need for the property to be lien free, I
25 believe, yes. I know we talked also about, we received,

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1 you know, a very extensive report with respect to the
2 parties jointly retained an engineer to inspect the
3 property and provide a report, and I understand --

4 THE COURT: This is from the engineer that was
5 retained either by the parties jointly or by plaintiff?

6 MS. HATCH: Retained jointly by the parties,
7 yes.

8 THE COURT: And?

9 MS. HATCH: And I believe the concern on the
10 other side was that the repairs were extensive, and that
11 the cost estimate was high, which we didn't necessarily
12 disagree with but we needed to have -- we did have a call
13 last week with their representative. They have somebody
14 from their property management company, who identified
15 what repairs he thought should be done.

16 And so my client has heard from their person,
17 and has reviewed the report, and we are in the process --
18 my client has been in the process of trying to develop a
19 realistic or, you know, some type of compromise between
20 the two reports that we received with respect to what we
21 think is realistic for timing, and costs, to get what we
22 know are -- I mean, some are life safety issues that need
23 to be addressed. I mean, one of the reasons the receiver
24 I think came today too is to just address any of those
25 concerns in the event there were questions with respect

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1 to the repairs.

2 THE COURT: All right. I will hear from the
3 receiver.

4 MR. NOGEE: Yeah. So as noted in the report,
5 in my experience at the property with engineers I've had
6 out, there's a number of defects throughout the property,
7 deferred maintenance and capital items that I've been
8 addressing as necessary to cure any life safety issues.
9 These are primarily from roofs, facade, and window leaks,
10 part of the issue.

11 We also had an instance, almost two months ago,
12 regarding a ceiling collapse on a vacant unit that
13 triggered a gas leak, and shut down of one of the
14 buildings. And we've been actively working with
15 plaintiffs' counsel and defendants in order to get to an
16 agreement on the plan and the cost to remediate that gas
17 shut down.

18 So at this point, I have received a proposal as
19 of last night from the defendants which I need to review
20 and then we can move forward to cure that condition which
21 is obviously very serious. It's knocked out all the
22 stoves for an entire building.

23 MR. NAGI: And your Honor if I may, I've seen
24 some of the complaints that Mr. Sorise is stealing from
25 the people that live there, and he's not in a very

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1 pleasant position. He's doing his obvious best to try to
2 make everyone happy and get things done, so that it's not
3 going to disrupt the settlement or the property.

4 THE COURT: Well is it plaintiff taking the
5 position that the closing cannot occur until every issue
6 has been remediated?

7 MS. HATCH: No, your Honor. I think our
8 position is is that the whole goal of this is to
9 reinstate this loan, and to allow this borrower to move
10 forward with a loan that is performing, and we certainly
11 don't want there to be a default 30, 60, 90 days
12 immediately into a reinstated loan.

13 So we want to address what concerns or issues
14 there are with the condition of the property to make sure
15 we address those now, and everybody is on the same page,
16 as to what needs to be done today or what needs to be
17 done in 90 days or maybe in a year, but we think it's
18 important that we all agree as to what's there right now,
19 and how it is going to be addressed over this time period
20 that we set forth in our agreement because otherwise,
21 we'll just be righting again in 90 days when we say
22 there's a nonmonetary default because there's leaking
23 roofs or something. I mean, I just think it's important
24 that we all get on the same page. There's just -- it's
25 too --

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1 THE COURT: Well, you say you want to get on
2 the same page but one minute ago, you said you're all on
3 the same page. So I don't know what pages you're talking
4 about. Has there been an agreement any kind of an
5 agreement with respect to the timing of the repairs?

6 MS. HATCH: There is not, no. That is what we
7 have the one report, and then we had a call at the end of
8 last week with their property management company who
9 indicated what he thinks the cost would be, and what he
10 sees as urgent matters.

11 We have internal people at the lenders who met
12 earlier this week, and trying to develop what we would
13 consider maybe an exhibit to an agreement that would list
14 out -- for instance, this loan agreement when it was
15 drafted two years ago had a very specific list of
16 immediate repairs that were to be done, and repairs
17 within a certain amount of time. And there were escrows
18 set aside under the loan agreement.

19 The issue is that many of those weren't
20 completed because of the issues with the person that was
21 in control of the borrower up until late last year. So I
22 think we're all on the same page that the person that was
23 managing the property didn't perform the way he was
24 supposed to perform but the way the loan agreement is
25 drafted, is that the property is going to be repaired and

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1 maintained in a certain way. And so we've been trying to
2 understand what was and was not completed in accordance
3 with the loan agreement, and what needs to be kept up in
4 the next -- through the course of this loan, the next
5 five, seven years until it matures, so that, you know, we
6 can basically modify what was previously agreed to.

7 THE COURT: Does anyone else want to be heard
8 on these issues?

9 MR. NOGEE: Your Honor, if I could be jump in
10 for one second? From the receiver's stand point,
11 obviously this situation has created a log of confusion
12 in the receiver operating the property, and we have not
13 participated at all in the mediation on purpose, other
14 than the receiver providing information to the mediator,
15 as requested.

16 But the receiver had prepared to provide
17 information to the chosen new property manager but then
18 we were told that they didn't have a contract with the
19 borrower yet or with AGRC, and we have a concern about
20 providing any confidential information about shareholders
21 to the new property manager under the current
22 circumstances.

23 Similarly from a timing stand point, we have to
24 deal with both emergency repairs, and with arrears at the
25 property. Those are impacted by directions or requests,

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1 primarily from the borrower, to stand down or hold still
2 for a moment, while they work things out.

3 The emergency repairs really need to go
4 forward. As Mr. Nagi said, the shareholders,
5 particularly at the building where there's no gas, are
6 working off of hot plates, and are very unhappy with
7 their situation and blame the receiver for that.

8 Hopefully, at the end of this conference,
9 either among the parties or with the Court's help, we can
10 get some direction as to what the receiver can respond
11 to, and deal with immediately. Do we send notices out on
12 arrears from the receiver saying here's a 30-day notice?
13 Do we wait for the new parties to take over, for a new
14 property manager to be put in place? We have nonjudicial
15 foreclosure notices that are moving forward. We don't
16 know if we're supposed to proceed with the auctions at
17 this stage, or again if it's going to close within two
18 weeks. Do we hold off on the auction notices?

19 And again, most importantly, on the emergency
20 repairs, there's also a water leak which caused a lot of
21 damage that needs to be addressed.

22 THE COURT: Well, you say that your client did
23 not participate in the mediation. Has there been any sit
24 down with the lender and the borrower to hash out these
25 issues, rather than showing up in court, and asking the

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1 court to decide whether or not you should proceed with
2 foreclosures?

3 MR. NOGEE: We've had emails back and forth.
4 Everybody, I believe, in this room has been in
5 communication on these issues, but again we're getting
6 mixed signals saying fo forward, don't go forward, and
7 that's our confusion.

8 THE COURT: Well, I will tell you what, you're
9 all here now, and I think you should take this
10 opportunity to all sit around single table, and has these
11 things out.

12 MR. NOGEE: Thank you, your Honor.

13 THE COURT: And I'll be back in about a half-
14 an-hour or 45 minutes, and then you can report to me what
15 you've resolved, and tell me what date you've agreed upon
16 for the closing.

17 MR. MEISTER: Can the borrower be heard or --
18 Acropolis Associates, your Honor?

19 THE COURT: You can be heard but again, these
20 issues are going to have to be resolved among the
21 parties, because the Court is not going to start getting
22 involved in a mediation that has been underway for some
23 time before a court-annexed mediator.

24 MR. MEISTER: Understood, your Honor, and I
25 won't get into the financial details or the details but I

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1 do want the Court to understand a couple of things.

2 First of all, we only received documents
3 yesterday, and the day before yesterday, but what we --
4 besides --

5 THE COURT: I understand that, and you were
6 late in providing documents to the plaintiffs. So they
7 can't be faulted for not being ready to close on the 28th
8 but I think we should work to getting a new date, a
9 realistic date, and a real date, not some aspirational
10 date.

11 MR. MEISTER: Okay. And what I would like the
12 Court to understand, and what I want to make clear, is
13 that the reason we were a little bit late in the loan
14 document is the structure here very simply, conceptually,
15 without getting into financial details, is that two
16 individuals, one of whom is Mr. Leifer here today in
17 court for Acropolis Associates, and another owner of co-
18 op units at the building, are planning on making a loan
19 of many millions of dollars that would be used to bring
20 current, the loan, and to perhaps to make some of these
21 repairs.

22 We were waiting for, and still have not
23 received, an accounting of the interest, and an
24 accounting of the escrows. We still don't have those
25 documents. So we didn't know, and still don't know, how

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1 much that loan will be for, and that was really the
2 reason for our delay. In any event, we got kind of a
3 form document to them but we still don't know how much
4 money is involved, or frankly whether it's feasible, and
5 then we kind of tie into that discussion your Honor heard
6 about the engineering report.

7 There are, you know, over \$10 million of
8 repairs listed in that report, and excuse me, we think
9 the estimates are severely in excess of market prices for
10 the repairs, and that was the subject of a conversation
11 between the parties, the mediators, not involved --
12 sorry, the receiver was not involved. This was -- the
13 mediation was between the lender, and the borrower, and
14 Acropolis.

15 And then aside from that --

16 THE COURT: Is there a dispute about the
17 repairs that need to be done or only the cost of doing
18 them?

19 MR. MEISTER: I think there's a dispute about
20 three things; the scope of repairs, the timing of the
21 repairs, and the cost of the repairs.

22 THE COURT: In other words, there's a dispute
23 about everything.

24 MR. MEISTER: Yes, your Honor, unfortunately
25 there is. And in addition, and I'm not going to get into

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1 any details because I heard what your Honor said, but we
2 see very material discrepancies between what was agreed
3 to in a term sheet, and the documents we've received so
4 far. I'm not going to detail any of that because I don't
5 think your Honor wants to hear it.

6 But in my opinion, no matter what we agreed to
7 about the timing of documents, and we certainly would
8 like to see the rest of the documents, really all the
9 documents -- we've gotten none of the loan documents
10 whatsoever, and the accounting, but I think it's going to
11 be impossible to close the transaction without some
12 intervention; I guess another mediation session, which
13 the receiver should not be at. It's got nothing to do
14 with the receiver, although he may supply information.

15 And so it's both we need the flow of
16 information of documents, and we're going to need to
17 resolve a host of issues.

18 THE COURT: And the documents that you believe
19 you need and haven't gotten are documents from the lender
20 or from the receiver?

21 MR. MEISTER: From the lender. The loan
22 reinstatement documents. But, you know, I mean just to
23 give you one quick sense, there's -- so I said there's a
24 loan being made by Mr. Leifer, and another individual.
25 That loan is obviously going to be subordinate to the

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1 reinstated mortgage loan.

2 But the agreement we've gotten is that
3 essentially could be no payments under that loan until
4 the first mortgage is paid off, and we're not going to be
5 able to arrange a loan under those terms and conditions.
6 We certainly know that it's subordinate, but what we
7 discussed at the mediation was that as long as there was
8 sort of a cash flow to pay the first mortgage current,
9 that loan could be serviced, that subordinate loan.

10 So I think it's suffice it to say that there
11 are a host of legal document and physical plan-type
12 issues that really have to be resolved, in addition to
13 finally getting the flow of documents, your Honor.

14 THE COURT: Well, you should agree upon a date
15 by which you'll have those documents. I take it it's not
16 an issue, the lender is not saying we're not going to
17 give you the documents. It's a timing issue. So what
18 you should talk about is agree upon a date for having
19 those documents, and if the term sheet -- if everyone
20 understands that the term sheet is nonbinding, and the
21 subordinate lenders are not prepared to go forward on the
22 agreed upon terms, then go back to the mediator but
23 recognize that this is going to be further delayed.

24 MR. MEISTER: No, I --

25 THE COURT: And I'm not going to sit here up

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1 here and wave a magic wand, and make the issues go away.
2 Those are issues that ought to be addressed to the person
3 who has been intimately involved in all the negotiations.

4 MR. MEISTER: Makes perfect sense. I just want
5 to be clear, the supporting --

6 THE COURT: But you should understand that the
7 plaintiff, the lender, may decide that it doesn't want to
8 wait any longer, and there is a foreclosure action that's
9 pending.

10 MR. MEISTER: Understood, and we do understand
11 that, and the subordinate lenders are prepared to go
12 forward on the terms of the nonbinding term sheet, not on
13 the terms and the documents we've received so far.

14 I think we're all here, and I think you just
15 suggested this, your Honor, I think we should confer,
16 talk about some of these issues. Frankly, I don't think
17 the receiver should be a part of that. And then perhaps
18 we can re-confer with your Honor, I don't know, but I am
19 prepared --

20 THE COURT: I don't know whether the -- I'm not
21 sure why you have an issue with the receiver being
22 present. Does the receiver want to be present?

23 MR. SORISE: Sure, I can participate as
24 necessary.

25 THE COURT: Well, I will leave it up to the

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1 parties to work that out but the receiver would have the
2 most knowledge about what is actually going on with some
3 of these units, and the problems with the repairs. I
4 think it makes sense to have the receiver present. I'm
5 not going to direct that but perhaps there should be some
6 discussion at the outset as to whether it's appropriate
7 to go forward with or without the receiver.

8 MR. MEISTER: Okay, your Honor.

9 THE COURT: I mean the receiver inherited a
10 mess in this property, and has been sending reports,
11 quarterly reports, to the Court. What the receiver had
12 to deal with was enormous.

13 All right. Anything else before I leave you?
14 All right. I assume you'll need about half an hour?

15 MR. MEISTER: We'll try to get through it in a
16 half an hour.

17 THE COURT: All right. Well, if you want more
18 than that, maybe we should just give you the phone number
19 in chambers, and call when you're ready.

20 MR. MEISTER: Okay.

21 THE COURT: But keep in mind that I have a 12
22 o'clock proceeding in another matter.

23 MR. NAGI: Thank you, your Honor.

24 MR. NOGEE: Thank you, your Honor.

25 MR. MEISTER: Thank you, Judge.

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1 MS. HATCH: Thank you.

2 (Off the record)

3 THE COURT: All right. We're back on the
4 record in the Wells Fargo case. The parties have had
5 close to an hour, I guess, to talk among themselves. And
6 how much -- so you're not asking for additional time to
7 talk today but are you -- is it your expectation that
8 you'll be going back to the mediator to ask for another
9 session in the near future?

10 MR. NAGI: Jason Nagi, your Honor.

11 I don't believe that's the case, no. I -- the
12 only thing that I -- I mentioned the mediator, so that
13 what I was suggesting to the Court was that if we did
14 have an issue, we think it would -- we could likely
15 handle it with the mediator, but I don't -- I'm not
16 saying that we need to have that at this point in time.

17 THE COURT: And what about the flow of the
18 papers that at the outset of this proceeding were a
19 problem in finalizing the resolution?

20 MR. NAGI: That's one of the things that we
21 intend to have an agreement on, so that we don't have any
22 further concerns.

23 THE COURT: Well, when are you going to have an
24 agreement? What do you foresee happening because I don't
25 want you to leave this courtroom, and everything is just

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1 -- well, we'll talk some more at some point? I really
2 want to get this matter back on track for resolution.

3 MR. NAGI: What I was suggesting, your Honor,
4 is that we need to run it -- internally, we have a lot of
5 different parties that we're dealing with on the
6 plaintiff side, so what I don't want to do is me just say
7 oh, I think it could be done in whatever time frame that
8 is because I want to speak to the -- I think it's best
9 for us to speak to -- internally, and make sure that we
10 can get everyone's ducks in a row, and set a realistic
11 time frame. So what we were suggesting is that we do
12 that. We get it to the other side, and then we proceed
13 in the meantime. So that there's not a necessary date
14 that I can give that would be --

15 THE COURT: Well, I would like to give a date
16 for a status report, so that this doesn't just start
17 falling by the wayside. If I give you a week, is that
18 sufficient time?

19 MR. MEISTER: Yes, your Honor. I think that --
20 Stephen Meister -- that would be a good time to get a
21 status report. I am hoping we close it in a week or at
22 most two weeks.

23 MR. NAGI: Same for the plaintiffs, your Honor.
24 We think a one week status report would be fine.

25 THE COURT: All right. That will be a joint

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1 written status report. And is there someone here who can
2 bring the Court up to date on what's been happening in
3 the various state court actions? And you can be seated.

4 MR. KAUFMAN: Thank you, your Honor. There are
5 a number of motions, and other things going on in the
6 state court. We --- most of the state court proceedings
7 are now adjourned to a September 10th date. So on
8 September 10th, there are a number of motions that are
9 scheduled now to be heard by Justice Livote but there's
10 nothing active other than some briefing on some motions
11 which will not be heard until the 10th.

12 MR. MEISTER: But I don't think the Court
13 knows, or maybe the Court does know, that Justice Livote
14 denied the petition to overturn the shareholder vote.

15 MR. KAUFMAN: Yes, I think we informed the
16 Court.

17 MR. MEISTER: Oh, okay. I wasn't sure.

18 MR. KAUFMAN: Yes.

19 MR. MEISTER: So that's been decided. And was
20 an appeal taken of that?

21 MR. KAUFMAN: There was a notice of an appeal
22 filed but no appeal has been perfected, and we don't
23 expect an appeal to be perfected because the lawyers who
24 represented that -- that shareholder, was the former
25 president of the board, have moved to be relieved as

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1 counsel. And that motion was granted. So that was the
2 Jaspan Schlesinger firm.

3 MR. MEISTER: Okay.

4 THE COURT: And the September 10th date is a
5 return date? There's going to be argument that date?

6 MR. KAUFMAN: Yes, there are return dates on
7 several motions, and there's a status conference and, I
8 think, a preliminary conference scheduled for that date.

9 THE COURT: All right. Anything else? All
10 right. I really urge you all to work long and hard to
11 get this federal case resolved sooner rather than later.

12 MR. NAGI: Understood, your Honor.

13 THE COURT: Thank you very much.

14 IN UNISON: Thank you, your Honor.

15 THE COURT: Just one question, is there -- is
16 one of the motions pending in state court a contempt
17 motion against Osman and Met Pac?

18 MS. CHENG: It's actually here, your Honor.

19 THE COURT: No, I know there's one here. Is
20 there a parallel one pending in State Court or --

21 MR. KAUFMAN: There was a contempt motion in
22 the books and records proceeding, and that was denied but
23 that was only in the books and records proceeding. There
24 was a motion to reargue and renew, and that was denied.
25 We filed a --

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1 THE COURT: That was a contempt motion?

2 MR. KAUFMAN: That was a contempt motion on the
3 books and records, not on the turning over the funds.
4 The issue of turning over the funds is a contempt motion
5 before this Court.

6 MR. MEISTER: By the receiver.

7 MR. KAUFMAN: Yes.

8 MR. MEISTER: Right.

9 THE COURT: All right. Thank you.

10 MS. CHENG: Thank you, your Honor.

11 (Matter concluded)

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C E R T I F I C A T E

I, LINDA FERRARA, hereby certify that the foregoing transcript of the said proceedings is a true and accurate transcript from the electronic sound-recording of the proceedings reduced to typewriting in the above-entitled matter.

I FURTHER CERTIFY that I am not a relative or employee or attorney or counsel of any of the parties, nor a relative or employee of such attorney or counsel, or financially interested directly or indirectly in this action.

IN WITNESS WHEREOF, I hereunto set my hand this 23rd day of July, 2019.


Linda Ferrara

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